

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA : **CRIMINAL NO. 05-**

v. : **FILED:** _____

RICKY SON : **VIOLATIONS:**
26 U.S.C. § 7212(a) (impeding the I.R.S.-
1 count)
26 U.S.C. § 7202 (failure to collect,
account for and pay over tax - 20 counts)
18 U.S.C. § 2 (aiding and abetting)

INDICTMENT

INTRODUCTION

THE GRAND JURY CHARGES THAT:

1. At all times relevant to this Indictment, a) Son's Labor Agency Corp., 1635 South 5th Street, Philadelphia PA; b) PA #1 Labor, Inc., 333 Township Line Road, Elkins Park PA; and c) NJ #1 Labor, Inc., 333 Township Line Road, Elkins Park PA (at times collectively referred to as "the Companies") were corporations doing business in the Eastern District of Pennsylvania as temporary employment services that supplied casual laborers to clients for a fee.

2. At all times relevant to this Indictment, defendant RICKY SON was responsible for the day-to-day operation of the Companies, including, but not limited to: soliciting clients; entering into contracts with clients; servicing the clients; supervising the hiring of the casual laborers; determining the amount of the hourly wages paid to the casual laborers; cashing of checks from clients; and the preparation of the cash payroll for the employees of the Companies.

3. At all times relevant to this Indictment, the casual laborers supplied or "leased" to client businesses were employees of the Companies. As part of the business of providing

laborers to clients of the Companies, defendant RICKY SON acknowledged and represented, both orally and in writing, to the clients that the Companies, and not the clients, were responsible for collecting, accounting for, and paying over to the United States all employment taxes. During the period from January 1999 through February 2003, the Companies supplied casual laborers to approximately 11 clients.

4. At all times relevant to this Indictment, defendant RICKY SON, as the individual in control of the Companies, was required by the Internal Revenue Code to collect, truthfully account for, and pay over to the United States, employees' federal income tax withholdings ("FWT") and Federal Insurance Contribution Act ("FICA") taxes comprising Social Security and Medicare taxes. (Both FWT and FICA are collectively referred to as "employment taxes" in this Indictment). In this regard, defendant SON and the Companies were required to truthfully account for and pay over the employment taxes each quarter by: filing Internal Revenue Service ("IRS") Form 941 ("Employer's Quarterly Tax Return," hereinafter "Form 941"); reporting therein the total wages paid to employees and the amount of employment taxes due and owing to the United States on those wages; and paying employment taxes due on those wages at the time the Form 941 was filed with the IRS.

COUNT ONE
26 U.S.C. § 7212(a)
(Impeding the Internal Revenue Laws)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. From on or about January 4, 1999 through on or about February 26, 2003, in the Eastern District of Pennsylvania and elsewhere, defendant

RICKY SON

corruptly obstructed and impeded the due administration of the Internal Revenue laws.

MANNER AND MEANS

3. In an effort to impede the collection of employment taxes, RICKY SON engaged in the following methods, among others:
 - a. Generated \$11,668,460 in cash needed in part to meet the cash payroll of the Companies and facilitated the concealment of the cash payroll by using a check cashing agency in Philadelphia, Pennsylvania to cash checks obtained from the clients;
 - b. Paid the casual laborers in cash, which meant that there would be no employment taxes withheld from their wages;
 - c. Did not require the casual laborers to produce proper identification for income tax purposes or prepare the necessary documents for payroll tax deductions, and did not file with the IRS an IRS Form W-2 (“Employee Wage and Tax Statement”) for each employee;
 - d. Used nominees to act as a “front” for PA #1 Labor Agency, Inc., NJ #1 Labor Agency, Inc. and Work Factor, Inc. to conceal the true ownership of these companies;
 - e. Did not file Form 941s with the IRS or filed Form 941s with the IRS that were

substantially false.

OBJECT OF THE OFFENSE

4. The object of the offense was to impede the IRS from collecting the following employment taxes from the Companies for the following periods:

<u>QUARTER ENDING</u>	<u>UNREPORTED WAGES</u>	<u>UNREPORTED EMPLOYMENT TAXES</u>
3/31/99	\$59,392	\$20,965
6/30/99	\$130,386	\$46,026
9/30/99	\$109,847	\$38,776
12/31/99	\$106,387	\$37,554
3/31/00	\$325,034	\$114,737
6/30/00	\$548,916	\$193,767
9/30/00	\$288,611	\$101,879
12/31/00	\$129,202	\$45,608
3/31/01	\$377,042	\$133,096
6/30/01	\$360,926	\$127,408
9/30/01	\$519,304	\$183,279
12/31/01	\$375,997	\$117,955
3/31/02	\$380,029	\$134,150
6/30/02	\$155,253	\$54,805

All in violation of Title 26, United States Code, Section 7212(a).

COUNT TWO

26 U.S.C. § 7202

(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about July 31, 1999, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid over to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$46,026 due and owing to the United States on taxable wages, paid by Son's Labor Agency Corp. to its employees, of approximately \$130,386 for the second quarter of the year ending on June 30, 1999.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT THREE
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about October 31, 1999, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid over to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$38,776 due and owing to the United States on taxable wages, paid by Son's Labor Agency Corp. to its employees, of approximately \$109,847 for the third quarter of the year ending on September 30, 1999.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT FOUR
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about January 31, 2000, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid over to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$37,554 due and owing to the United States on taxable wages, paid by Son's Labor Agency Corp. to its employees, of approximately \$106,387 for the fourth quarter of the year ending on December 31, 1999.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT FIVE
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about April 30, 2000, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid over to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$114,737 due and owing to the United States on taxable wages, paid by Son's Labor Agency Corp. to its employees, of approximately \$325,034 for the first quarter of the year ending on March 31, 2000.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT SIX
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about July 31, 2000, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid over to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$193,767 due and owing to the United States on taxable wages, paid by Son's Labor Agency Corp. to its employees, of approximately \$548,916 for the second quarter of the year ending on June 30, 2000.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT SEVEN
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about October 31, 2000, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid over to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$81,701 due and owing to the United States on taxable wages, paid by Son's Labor Agency Corp. to its employees, of approximately \$231,449 for the third quarter of the year ending on September 30, 2000.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT EIGHT
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about October 31, 2000, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid over to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$20,178 due and owing to the United States on taxable wages, paid by PA #1 Labor Services, Inc. to its employees, of approximately \$57,162 for the third quarter of the year ending on September 30, 2000.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT NINE
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about January 31, 2001, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid over to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$45,608 due and owing to the United States on taxable wages, paid by PA #1 Labor Services, Inc. to its employees, of approximately \$129,202 for the fourth quarter of the year ending on December 31, 2000.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT TEN
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about April 30, 2001, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid over to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$51,048 due and owing to the United States on taxable wages, paid by PA #1 Labor Services, Inc. to its employees, of approximately \$144,611 for the first quarter of the year ending on March 31, 2001.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT ELEVEN
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about April 30, 2001, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid over to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$82,048 due and owing to the United States on taxable wages, paid by NJ #1 Labor Services, Inc. to its employees, of approximately \$232,431 for the first quarter of the year ending on March 31, 2001.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT TWELVE
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about July 31, 2001, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid over to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$26,483 due and owing to the United States on taxable wages, paid by PA #1 Labor Services, Inc. to its employees, of approximately \$75,021 for the second quarter of the year ending on June 30, 2001.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT THIRTEEN
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about July 31, 2001, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$100,925 due and owing to the United States on taxable wages, paid by NJ #1 Labor Services, Inc. to its employees, of approximately \$285,905 for the second quarter of the year ending on June 30, 2001.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT FOURTEEN
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about October 31, 2001, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$28,976 due and owing to the United States on taxable wages, paid by PA #1 Labor Services, Inc. to its employees, of approximately \$82,086 for the third quarter of the year ending on September 30, 2001.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT FIFTEEN
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about October 31, 2001, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$154,303 due and owing to the United States on taxable wages, paid by NJ #1 Labor Services, Inc to its employees, of approximately \$437,118 for the third quarter of the year ending on September 30, 2001.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT SIXTEEN
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about January 31, 2002, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$9,414 due and owing to the United States on taxable wages, paid by PA #1 Labor Services, Inc. to its employees, of approximately \$30,204 for the fourth quarter of the year ending on December 31, 2001.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT SEVENTEEN
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about January 31, 2002, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$108,541 due and owing to the United States on taxable wages, paid by NJ #1 Labor Services, Inc to its employees, of approximately \$345,793 for the fourth quarter of the year ending on December 31, 2001.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT EIGHTEEN
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about April 30, 2002, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$9,783 due and owing to the United States on taxable wages, paid by PA #1 Labor Services, Inc. to its employees, of approximately \$27,714 for the first quarter of the year ending on March 31, 2002.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT NINETEEN
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about April 30, 2002, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$124,367 due and owing to the United States on taxable wages, paid by NJ #1 Labor Services, Inc. to its employees, of approximately \$352,315 for the first quarter of the year ending on March 31, 2002.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT TWENTY
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about July 31, 2002, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$7,006 due and owing to the United States on taxable wages, paid by PA #1 Labor Services, Inc. to its employees, of approximately \$19,846 for the second quarter of the year ending on June 30, 2002.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

COUNT TWENTY-ONE
26 U.S.C. § 7202
(Failure To Collect, Account for and Pay Over Employment Taxes)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 4 of the Introduction are incorporated here.
2. On or about July 31, 2002, in the Eastern District of Pennsylvania, defendant

RICKY SON

being a person required under the Internal Revenue Code to collect, account for, and pay over taxes imposed by the Internal Revenue Code, willfully failed to collect and cause to be collected, truthfully account for and cause to be truthfully accounted for, and pay over and cause to be paid to the United States, federal income tax withholdings and Federal Insurance Contribution Act taxes, of approximately \$47,799 due and owing to the United States on taxable wages, paid by NJ #1 Labor Services, Inc. to its employees, of approximately \$135,407 for the second quarter of the year ending on June 30, 2002.

All in violation of Title 26, United States Code, Section 7202 and Title 18, United States Code, Section 2.

A TRUE BILL:

FOREPERSON

PATRICK L. MEEHAN
United States Attorney